



To: Multistate Tax Commission
From: Joe Huddleston, Executive Director
Date: July 22, 2011
Subject: 2011 Executive Committee Annual Report

The Executive Committee met six times during the period July 1, 2010, to June 30, 2011:

- July 29th in Hood River, Oregon
- December 9th via teleconference
- March 10th via teleconference
- April 18th via teleconference
- May 12th in Washington, D.C.
- June 6th via teleconference

The Executive Committee also met via teleconference on July 1, 2010, the actions from which were included in their last annual report and will not be reflected in this report.

The meetings, except for the meeting of May 12th, were regular meetings through which the committee has provided oversight and direction to the activities of the Commission. The meeting on May 12th was solely devoted to a strategic planning session; a quorum was not present, and no business was conducted.

The following members of the Commission were elected to serve as Commission officers and members of the Executive Committee for fiscal year 2011:

- Chairman: Stephen M. Cordi (District of Columbia)
- Vice Chairman: Cory Fong (North Dakota)
- Treasurer: Robert J. Kleine (Michigan)
- At-large: Royce Chigbrow (Idaho), Susan Combs (Texas), Roxy Huber (Colorado), and Selvi Stanislaus (California Franchise Tax Board).

In January, Mr. Chigbrow resigned from the Idaho State Tax Commission. Alana M. Barragán-Scott, Director of the Missouri Department of Revenue, was appointed and elected to fill the vacant at-large position on the Executive Committee. The election of a new governor in Michigan resulted in the departure of Robert J. Kleine as State Treasurer, also in January. The executive director fulfilled the duties of Commission treasurer for the remainder of the term.

The Executive Committee took the following actions during fiscal year 2011:

- Directed a public hearing be held pursuant to Art. VII of the Multistate Tax Compact regarding a proposed Model Statute for Disallowance of Deductions for Certain Payments to Captive Real Estate Investment Trusts.
- Regarding a proposed Model Statute on the Tax Collection Procedures for Accommodations Intermediaries back to the Uniformity Committee for further consideration that did not receive sufficient support in a bylaw 7 survey to be considered for adoption by the Commission at its annual meeting in 2010, directed staff to review “affected states,” confer with Streamlined Sales Tax staff on involvement of that organization in this issue, and poll those states that voted negatively.
- Initiated a strategic planning effort, headed by the Chair and Vice Chair.
- Approved the audited financial statements as reported in an independent auditor report for fiscal year July 1, 2009 – June 30, 2010.
- Accepted the dissolution of TaxNet Governmental Communications Corporation, a joint effort of the MTC and FTA, and distribution of the remaining funds as directed by its board.
- Recommended the Commission consider a proposed Model Statute for Disallowance of Deductions for Certain Payments to Captive Real Estate Investment Trusts, resulting in a bylaw 7 survey of affected members to determine if they would consider the proposal.
- Referred a proposed Model Statute on the Tax Collection Procedures for Accommodations Intermediaries back to the Uniformity Committee for further consideration.
- Elected Alana M. Barragán-Scott, Director of the Missouri Department of Revenue, to serve out the unexpired portion of Royce Chigbrow’s position on the Executive Committee.
- Directed a public hearing be held pursuant to Art. VII of the Multistate Tax Compact regarding a proposed Model Statute Regarding Partnership or Pass-Through Entity Income That Is Ultimately Realized by an Entity That Is Not Subject to Income Tax.
- Directed a public hearing be held pursuant to Art. VII of the Multistate Tax Compact regarding a proposed amendment to Model Statute for Combined Reporting Section 1.I. – Definition of “Tax Haven” for Purposes of Water’s Edge Election.

- Recommended the Commission consider a proposed Model Mobile Workforce Statute, resulting in a bylaw 7 survey of affected members to determine if they would consider the proposal.
- Directed a public hearing be held pursuant to Art. VII of the Multistate Tax Compact regarding a proposed Model Sales & Use Tax Notice and Reporting Statute.
- Conducted an initial strategic planning session in Washington, D.C., facilitated by Elizabeth Harchenko.
- Approved the proposed 2011-2012 budget for the Commission.
- Suspended the activities of the Technology Committee indefinitely and required a technology report as an addendum to each executive director report provided to the Executive Committee during the time the Technology Committee is inactive.
- Recommended the Commission consider a proposed amendment to the Model Statute for Combined Reporting Section 1.I. – Definition of “Tax Haven” for Purposes of Water’s Edge Election, resulting in a bylaw 7 survey of affected members to determine if they would consider the proposal.
- Recommended the Commission consider a proposed Model Sales & Use Tax Notice and Reporting Statute, resulting in a bylaw 7 survey of affected members to determine if they would consider the proposal.

The Executive Committee undertook additional actions during fiscal year 2011 that are recorded in the minutes of its meetings.